

SIPOA BYLAWS

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ARTICLE I DEFINITIONS

Annual Meeting: is defined in §4.3.

ARC: means the Architectural Review Committee established by and operating under the auspices of Seabrook Island Property Owners Association (SIPOA).

Articles: means the Certificate of Incorporation of the SIPOA filed with the South Carolina Secretary of State on November 3, 1972, as amended from time to time.

Board: means the SIPOA Board of Directors.

Club: means the Seabrook Island Club, its successors and assigns. The Club is a private entity owned by its members and is a separate entity from the SIPOA.

Declared Domestic Partner: means a person declared by a Property Owner to SIPOA to have a legal or personal relationship with the Property Owner and to be living together with such Property Owner and sharing with the Property Owner a common domestic life but who is not joined by marriage with the Property Owner.

Delinquent: means the failure of any Property Owner or other Person to pay by the required due date any assessment, fee or any other amount owed to SIPOA.

Director: means a member of the Board.

Emergency: means the occurrence of a catastrophic event or the existence of urgent circumstances that necessitates immediate action by the Board, as reasonably determined by the Board, which may act pursuant to Article XIII as necessary.

Entity: means an association, corporation, partnership, limited liability company, trust (unless a self-trusted revocable trust) or other duly-formed legal entity.

Executive Director: means the chief administrator of SIPOA; a paid staff member who reports directly to the Board, and who serves pursuant to the directions of the Board; he or she may not be a Property Owner. .

Executive Session: means a non-public meeting of the Board or Executive Committee of the Board in which no official business shall be transacted except as provided in §5.14.

Family Member: means a Property Owner's spouse or Declared Domestic Partner, children, spouses of children, minor grandchildren, siblings and their spouses, parents and the parents of the spouse or Declared Domestic Partner of a Property Owner.

Guest: means a Person invited by a Property Owner to visit such Property Owner within the SID.

Lot(s): means any plot or tract of land shown upon any recorded plat or subdivision map of the Property within the SID that is now or hereafter becomes, by express reference or otherwise, subject to the Protective Covenants.

Majority: means more than fifty percent (50%).

Member(s): means a Property Owner or Property Owners.

Person: means, except where the context requires otherwise, a natural person or an Entity. Where the context requires, this term shall include both husband and wife.

Property(ies): means each parcel, lot or unit of real property, including, but not limited to, single family residences, villas, patio homes, condominiums, apartments or other residential units under horizontal property regimes, within the confines of the SID, which is now or hereafter becomes, by express reference or otherwise, subject to the Protective Covenants.

Property Owner: means the record owner(s) of the fee simple title or that estate or interest which is most nearly equivalent to a fee simple title to any Property.

Property Owner in Good Standing: means a Property Owner who is not more than thirty (30) days Delinquent in the payment of any obligation owed to SIPOA.

Protective Covenants: means the covenants and restrictions imposed on and applicable to the Property within the SID pursuant to which SIPOA was created, as amended from time to time.

PUD: means a planned unit development for real property that is approved by the applicable governmental entities.

Quorum: means, as applicable, that number of Property Owners required pursuant to §4.6 to be present, in person or by proxy, at a meeting, or represented by votes in a Referendum, to take an action pursuant to these Bylaws; that number of Directors required pursuant to §5.6 to be present at a meeting for the Board to take an action pursuant to these Bylaws; or that number of committee members required pursuant to §7.1 to be present at a meeting for the committee to make a formal recommendation to the Board.

Record Date: means the date for determining Property Owners entitled to notice and vote in accordance with §4.7.1. as provided in these Bylaws.

Referendum: means a written ballot by mail or electronically, as provided in §4.9, to vote on one or more issues or questions initiated by Property Owners or submitted by the Board to Property Owners as provided in these Bylaws.

Senior Staff: means the Executive Director or one or more of his/her department heads.

SID: means the Seabrook Island Development, a private development contemplated by and accomplished pursuant to the Amended Planned Unit Development (PUD) approved by the County of Charleston, South Carolina and subsequently by the Town Council of the Town of Seabrook Island

on November 12, 1987, as the same may be amended from time to time, as well as any other Property made a part of the SID in the manner provided herein and made subject to the Protective Covenants.

SIPOA: means the Seabrook Island Property Owners Association.

Valid Votes: means ballots properly cast in person, or by proxy, or by written ballot, or electronically in a Referendum by Property Owners in Good Standing who are entitled to vote on the Record Date.

ARTICLE II DECLARATION AND PURPOSE

§2.1 **STATUS.** Seabrook Island Property Owners Association is a nonprofit, mutual benefit corporation, formed under the laws of the State of South Carolina.

§2.2 **OFFICE.** The principal office of SIPOA shall be located in the Town of Seabrook Island, Charleston County, South Carolina.

§2.3 **PURPOSE.** The purpose and business of SIPOA includes but is not limited to the following:

2.3.1 Development and implementation of programs to protect the environment, to facilitate acquisition and maintenance of green space, and to provide for the health, safety, security and welfare of Property Owners;

2.3.2 Protection, operation, maintenance and improvement of such roads, bridges, parks, playgrounds, beaches, open spaces, rights-of-way, easements and other SIPOA properties, as are deeded, leased or otherwise conveyed to or held in trust for the benefit of SIPOA or Property Owners; provided, however, while the provision in this section for the maintenance of beaches shall not be construed as imposing an obligation on SIPOA or its agents to restore, replenish, protect or take any preventive or remedial action against beach or marsh changes occurring as a result of forces of nature, projects of this nature may be undertaken as authorized in these Bylaws;

2.3.3 Retention of security forces and implementation and enforcement of security measures to limit access to the SID to Property Owners, and subject to the provisions of these Bylaws, the Protective Covenants and rules and regulations adopted from time to time, to Family Members, Guests and others;

2.3.4 Acquisition, construction, management, maintenance and care of SIPOA properties, including land, structures, systems and equipment, for the general benefit of Property Owners and others as determined by the Board. The conditions precedent to adding to the land area of the SID are: (i) the agreement by the Property Owner(s) of such additional area for himself or herself, his or her heirs, successors and assigns, to become subject to the Protective Covenants and Bylaws; (ii) that all roads and automotive vehicle ways within the added land area shall have been or shall be constructed in accordance with the then current requirements of SIPOA; (iii) that all roads, rights-of-way, walkways, boardwalks, easements and vehicle ways in the added land are deeded or transferred to SIPOA; and (iv) that an appropriate contribution to capital, as set by the Board, be made;

2.3.5 Adoption, distribution and enforcement of rules and regulations for the common good of Property Owners, including but not limited to, rules and regulations pertaining to: (i) planning,

construction and design of improvements on Property or alteration thereof; (ii) maintenance of Property; (iii) sanitation; (iv) use of SIPOA properties; (v) responsibilities and obligations of Property Owners and others authorized to access the SID or to use the facilities and properties owned and/or operated by SIPOA; (vi) security, safety and maintenance of good order; and (vii) imposition of monetary and other sanctions for violations thereof;

2.3.6 Establishment of assessments and fees and their collection from Property Owners and, as applicable, others who use or have the right or permission to use any or all of the facilities and properties owned and/or operated by SIPOA subject to those certain agreements between The Club and SIPOA dated June 15, 2010 and that certain agreement between Bohicket Marina Village Council of Co-Owners Horizontal Property Regime and SIPOA, dated January 1, 2004, as such agreements may be amended from time to time;

2.3.7 Obtaining insurance of such types, in such amounts and with such companies as the Board, in its sole discretion, deems necessary or desirable for the protection of SIPOA, of Persons acting for or on behalf of SIPOA, and of the common properties and/or other properties in which SIPOA has an insurable interest; and

2.3.8 Engaging in such other activities as may be of benefit to Property Owners and SIPOA.

§2.4 **BOARD AUTHORITY.** The powers enumerated herein are not intended to be limiting, and the SIPOA's Board shall be authorized to perform any of the functions authorized by the Articles, Protective Covenants, these Bylaws or South Carolina law, except as specifically limited by these Bylaws, the Articles, Protective Covenants or South Carolina law. The powers and authorities provided in these Bylaws are not in any way intended to and shall not be deemed to impose on the Board any obligation or duty to perform any of the functions enumerated or referred to herein. The Board shall be permitted to perform any of the functions authorized to SIPOA except as specifically reserved to the membership in these Bylaws. None of the principal functions, responsibilities, or assets of SIPOA may be given or delegated to a municipality or a private entity without approval of SIPOA as a modification of the Protective Covenants in accordance with Section 36, thereof; provided, however, that the Board may delegate functions to committees or SIPOA staff in accordance with these Bylaws and may contract with private individuals or entities for the performance of such functions as it deems appropriate.

§2.5 **MUTUAL BENEFITS AND RESPONSIBILITIES.** Subject to the Articles, these Bylaws, the Protective Covenants and the applicable rules and regulations adopted by the Board, as each may be amended from time to time, each Property Owner shall be entitled to use and enjoy the properties and services provided by SIPOA. Property Owners, Family Members and others shall be governed in their use of SIPOA properties and services and in their conduct by (i) those documents that are listed in the foregoing sentence recorded in the R.M.C. Office for Charleston County, an exact copy of each of which shall be on file in SIPOA's office and on its website and (ii) the applicable rules and regulations adopted by the Board as on file in SIPOA's office and its website.

ARTICLE III

POWERS OF PROPERTY OWNERS AND BOARD

§3.1 **POWERS RESERVED TO PROPERTY OWNERS.** Property Owners shall have the following exclusive authority:

3.1.1 **Amend/Repeal Bylaws.** To amend or repeal these Bylaws as set forth in §11.1.

3.1.2 **Elect Board and Nominating Committee.** To elect the members of the Board and Nominating Committee; provided, however, interim vacancies on the Board and the Nominating Committee may be filled by the Board as provided in §3.2.6.

3.1.3 **Accept/Reject Annual Budget.** To accept or reject in total the annual operating and capital budget recommended by the Board at any meeting of Property Owners or by Referendum. If the recommended budget is rejected, the Board will submit a revised proposed budget within thirty (30) days. If the meeting of Property Owners at which the budget is considered is held after the beginning of the fiscal year, if a Quorum is not present at a meeting of Property Owners or represented in a Referendum to act upon the budget, or if the recommended budget is rejected by the Property Owners, the Board is authorized to continue operations under the approved expenditure rate for the budget for the previous fiscal year, until a new budget is approved by Property Owners.

3.1.4 **Certain Property Transactions, Etc.** By Referendum of the Property Owners, pursuant to Section 3.2.10, to approve the purchase, mortgage, pledge, sale and conveyance of or the acceptance of title to real or personal property in the form of land, bodies of water, and improvements and structures, that will require the future commitment of SIPOA funds, or that will involve the giving of a security interest in any of the foregoing, except where such authority is specifically granted to the Board pursuant to §3.2.3(7) and §3.2.4.

§3.2 **POWERS OF THE BOARD OF DIRECTORS.** Subject to any express limitations contained in these Bylaws, in the Articles, Protective Covenants, or as required by South Carolina law, the Board shall have the following powers:

3.2.1 **Administrative Responsibilities.**

(1) To appoint employ, evaluate, remove from office and terminate the Executive Director.

(2) To establish administrative, financial and operating policies for SIPOA, except as otherwise specifically reserved to the vote of Property Owners in these Bylaws; all within the constraints of the approved annual budget (except as otherwise provided in these Bylaws).

(3) To establish amounts and limits of fidelity bonds to cover SIPOA employees who handle funds of SIPOA, and also to establish amounts and limits of Directors and Officers insurance to be carried by SIPOA.

(4) The Board shall ensure timely informative communications for Property Owners by appropriate means about SIPOA's operations and policies, as well as an accurate exchange of information that fosters understanding and support of SIPOA by Property Owners and others. The Executive Director

will be assigned staff responsibility for communications as part of his/her responsibilities defined in SIPOA operating policies. Communications will be conducted in close collaboration with Board members as Committee Chairs and, when appropriate, with the Board and the President when sensitive or policy matters are involved.

3.2.2 **Contractual Responsibilities; Operating Expenses.** To authorize the entering into of contracts and to purchase, lease or sell supplies and equipment consistent with the budgets approved pursuant to §3.1.3.

3.2.3 **Financial Responsibilities.** To prepare and propose an annual budget for operating and capital expenditures and to publish an annual balance sheet, income and expense statement and other financial reports as it deems appropriate, and to levy assessments and other fees as follows:

(1) **Imposition of Assessments:** To levy assessments based on the annual budget on all Properties (except those owned by SIPOA) for maintenance and service. These assessments shall be increased, decreased or adjusted from year-to-year by the Board, to reflect the approved annual budget. These assessments may be set at separate fixed rates for improved, unimproved and any other class of Property, based upon reasonable cost-sharing principles reflecting access, benefit, and use and/or availability of SIPOA's roads, properties and services.

Undeveloped Lots are subject to a pro rata maintenance and service assessment upon completion of access roads that satisfactorily meet SIPOA requirements. Homes and villas will be subject to a pro rata assessment as improved Property upon the first to occur of: (i) receipt of a certificate of occupancy issued by the Town of Seabrook Island; or (ii) one (1) year after construction has commenced.

(2) **Imposition of Special Assessments:** To levy special assessments over and above the annual maintenance and service assessments and to authorize the expenditure of unrestricted funds of SIPOA when: (i) Emergency circumstances dictate (and, in the case of a loan obtained by the Board to deal with Emergency circumstances as provided in Section 3.2.3(7), to give to such lender the right to compel a special assessment sufficient to cover the debt service required under such loan documents, on such terms as the Board shall deem necessary or appropriate); (ii) delay until approval of the next annual budget would be detrimental to SIPOA; (iii) necessary to meet financial obligations previously approved by Property Owners and allocated in the budget; or (iv) in the judgment of the Board, an expenditure is necessary to protect the health, safety, security and welfare of Property Owners as a whole, but in this latter instance, the Board expenditure may not exceed ten percent (10%) of the annual budget for the fiscal year in which such expenditure is made. Except as provided in Article XIII, a special assessment or authorization to expend unrestricted fund balances pursuant to this section shall require an affirmative vote of a Majority of the Directors then in office.

(3) **Imposition of Usage Fees:** To establish fees for the use of the properties owned and/or operated by SIPOA.

(4) **Imposition of Transfer Assessments:** To establish a transfer assessment upon the initial sale of Property and/or transfer of certain interests in Property and every subsequent resale or transfer thereof. Except for certain transfers exempted hereunder, such assessment shall be applicable to all sales of Property and all transfers of a privilege of occupancy and beneficial use of

Property(ies) deriving from sale or other transfer of an interest in an Entity that is the owner of such Property(ies). Such assessment shall be computed as a percentage of the sale price of the Property sold, or interest transferred, as applicable and shall be applied to SIPOA's reserves for capital expenditures. However, such assessment shall not be applied to Property acquired by donation or purchase for transfer to the SIPOA for perpetual maintenance as green space.

(5) Billing; Interest and Late Fees, Liens and Personal Liability: To bill the annual maintenance, service and usage fees and any special assessments on a timely basis after budget approval or, in the case of special assessments, after determination by the Board, all of which amounts shall be due and payable within thirty (30) days after billing. Other assessments, such as occasional usage fees, shall be payable as determined by the Board. The Board shall assess a one time annual late fee of seven and one-half percent (7.5%) on amounts owed to SIPOA that are unpaid by their due date, or such lesser amount as may be determined appropriate by the Board from time to time, to reimburse SIPOA for the additional costs incurred in connection with such late payments. Thereafter, continuing until the balance is paid in full, the Board shall assess interest compounded at the rate of one and one-half percent (1.50%) per month, or such lower rate as the Board may determine on any unpaid balance, including prior years' assessments, late fees and interest charges, and the attorneys' fees and any costs of collection of Delinquent amounts. Notwithstanding the foregoing, due to changes in money market or economic conditions, the Board may, in its discretion, make changes in the application and rates of late fees and interest charges.

To the extent and in the manner permitted under South Carolina law, should a Property Owner fail to pay SIPOA, SIPOA shall also have the right to file liens and/or *lis pendens* against the subject Property owned by the Property Owner in an effort to recover Delinquent amounts owed. In addition, Property Owners and other users of SIPOA services, facilities or properties shall be personally liable for all amounts owed to SIPOA or assessed by SIPOA. SIPOA shall be entitled to file suit in any court of competent jurisdiction to enforce its lien on Property for assessments, collect the amounts due and owing to it, together with the late penalty fees, interest charges, reasonable collection expenses, attorney's fees and court costs, and regardless of their place of residence, Property Owners consent to the jurisdiction of the courts of South Carolina, without regard to its choice of law rules, and to venue of any such action in Charleston County, South Carolina.

(6) Budget: At least thirty (30) days prior to the Annual Meeting, (i) prepare and send by mail (or electronically) to the Property Owners a summary of the proposed annual budget of income and expenditures for the coming fiscal year and (ii) make available at SIPOA's office, a more detailed copy of the proposed budget. The budget shall address both operating expenses and any capital expenditures proposed by the Board. Maintenance and service fees may be utilized for any purpose outlined in §2.3 or for doing any other thing necessary or desirable, in the judgment of the Board, to keep the common properties in good order and to eliminate health hazards to Persons and safety hazards to both Persons and Properties, or which, in the judgment of the Board, may be of general benefit to Property Owners. A special assessment may be used only for the specific purpose for which it was approved. Except as needed in connection with costs incurred with respect to an Emergency, the expenditures budgeted in any fiscal year shall not exceed the total income from: (i) maintenance and service fees and other income, including special assessments designated for specific projects; (ii) expense reimbursements budgeted for that year; and (iii) previously collected unspent funds.

The Board, except as provided above with respect to special assessments and as provided below for unforeseen matters, may not authorize expenditures in excess of the total budgeted expenditures, unless there is unbudgeted income that is available for such expenditures and/or there are economic or environmental conditions not contemplated when the budget was adopted, and such expenditures are necessary in the judgment of a Majority of the Directors then holding office to maintain appropriate standards for security, safety or operating maintenance and otherwise to carry out the purposes or business of SIPOA.

(7) **Borrowing Authority:** To borrow funds: (i) for a period of time not to exceed one (1) year for the operations of SIPOA; or (ii) in an amount not to exceed \$4,000,000 if deemed necessary by the Board in the case of an Emergency, for such period of time as may be reasonably necessary to respond to such Emergency circumstances and to pay for the costs associated therewith.

(8) **Allocation and Investment of Funds:** Subject to any express limitations contained elsewhere in these Bylaws, the Board shall be entitled to spend and allocate and invest funds as, in its discretion, the Board deems appropriate for the operations of SIPOA; provided, however, other than ordinary transactions at SIPOA's primary bank in amounts less than \$250,000, investments of operational and capital reserves of SIPOA are restricted to U.S. Treasury securities, federally insured bank deposits or brokered CDs, federal agency debt, debt obligations rated in one of the two highest categories by a nationally recognized rating agency, and money market funds restricted to high quality money market investments. Maturities on debt obligations may not exceed one (1) year except that investments in debt of obligations with a maturity of more than one (1) year, but not to exceed five (5) years and in an aggregate amount not to exceed \$5,000,000 may be made with approval of the Board.

3.2.4 **Conveyances:** To sell, convey, purchase, mortgage and accept title to roads, bridges, parking facilities, rights-of-way, utilities and easements for utilities, drainage systems, beach or other access and beach rights-of-way, or Property acquired by SIPOA by virtue of foreclosing liens on Property for assessments, or to accept Property in payment of Delinquent amounts owed to SIPOA; and, if required by a lender in connection with funds borrowed pursuant to Section 3.2.3(7) to respond to Emergency circumstances, to mortgage, pledge, assign or otherwise give a security interest in real or personal property of SIPOA or in special assessments levied for such Emergency purposes, on such terms as the Board shall deem necessary or appropriate. The Board may also (i) cause SIPOA to accept title to Property transferred to SIPOA for perpetual maintenance as "green space" and (ii) declare inapplicable the assessment payback provision in Article 16 of the Protective Covenants if a Lot, previously combined with one or more Lots into a single Lot and then reconstituted as a single Lot is subsequently transferred to SIPOA for perpetual maintenance as "green space."

All deeds and other documents affecting real property owned by SIPOA that require execution on behalf of SIPOA shall be executed and acknowledged by the President or by any two authorized officers in the absence of the President, and attested to by the Secretary.

3.2.5 **Professional Agreements.** To authorize the employment or retention of attorneys, engineers, and consultants deemed by the Board necessary or appropriate to conduct SIPOA's business.

3.2.6 **Fill Board or Nominating Committee Vacancies.** To fill Board or Nominating Committee vacancies by appointing a new Director or member of the Nominating Committee as soon

as is reasonably practicable, but no later than sixty (60) days following the date of the vacancy, to serve until the next Annual Meeting of Property Owners, at which time Property Owners shall elect a Director or member of the Nominating Committee to serve for the remainder of the unexpired term of the Director or Nominating Committee Member whose departure created the vacancy.

3.2.7 **Promulgate Rules and Regulations.** To adopt, publish and enforce rules and regulations for the common benefit, governing Property Owners in the SID and others using the facilities and properties owned and/or operated by SIPOA. Such rules and regulations shall be designed to govern personal conduct as it may affect the quality of life in the SID, use of the streets, roads and other common property, as well as administration and enforcement of applicable Protective Covenants and restrictions pertaining to the construction, use and occupancy of Properties. Such rules and regulations shall be made available to all Property Owners and also published on SIPOA's website.

3.2.8 **Legal Proceedings.** To commence actions and participate in proceedings in courts of law and before public agencies as needed to protect or advance SIPOA's purposes. To impose reasonable sanctions, including monetary sanctions, against Property Owners and others within the SID for violation of the Protective Covenants, these Bylaws or the duly adopted and published rules and regulations. Any monetary sanction shall constitute a lien upon the Property of the violating Property Owner or of the Property Owner whose Family Member, tenant, Guest, invitee or other person has committed such violation, and the Board may also suspend a Property Owner's right to vote and/or the alleged Property Owner's family, tenant, Guest or invitee's right or privilege to use the common properties or services and/or suspend and retrieve all access devices (subject, however, to a Property Owner's right of access to such Property Owner's Property). In the event that any Family Member, tenant, Guest or other invitee of a Property Owner violates the Protective Covenants, Bylaws or the duly adopted and published rules and regulations and an assessment is imposed, the assessment shall first be assessed against such Family Member, tenant, Guest or invitee; provided, however, if SIPOA is unable to readily locate the offender or if the assessment is not paid by the Family Member, tenant, Guest or invitee within the time period set by the Board, the Property Owner shall be personally liable for payment of the assessment upon notice from SIPOA. The failure of the Board to enforce any provision of the Protective Covenants, Bylaws or the duly adopted and published rules and regulations shall not be deemed a waiver of the right of the Board to do so thereafter.

3.2.9 **Annual Audit.** To require and obtain an annual audit by an independent accounting firm selected by the Board.

3.2.10 **Initiate Referenda.** To initiate Referenda to increase or decrease the land area to which the Protective Covenants and these Bylaws shall apply, to impose such terms and conditions on any such increase or decrease as it deems appropriate, or to have Property Owners act on such other matters as the Board may determine appropriate for submission to Property Owners or as to which Property Owner approval is required pursuant to these Bylaws or the Protective Covenants.

3.2.11 **General Authority.** To engage in such other activities, and to take such timely action as the Board considers necessary under the circumstances for the mutual benefit of Property Owners and SIPOA, as well as to carry out such specific projects and studies, funds for which have been provided in accordance with these Bylaws.

3.2.12 **Director Removal.** The Board shall have the power and authority to remove any Director from the Board pursuant to Section 5.17 herein.

ARTICLE IV SIPOA MEMBERSHIP

§4.1 **QUALIFICATIONS.** Every Property Owner, by acceptance of title to a Property within the SID, shall automatically become a Member of SIPOA; provided, however, Property Owners shall be entitled to vote only in accordance with §4.7. A Person who ceases to be a Property Owner agrees to notify SIPOA of the sale of such Person's Property and the name and address of the purchaser, but SIPOA shall, even in the absence of such notice, remove such Person from the list of Property Owners upon becoming aware of a transfer of Property. Where two or more Persons hold title to Property, all such Persons shall be Property Owners of SIPOA but they are entitled to vote only in accordance with §4.7.

§4.2 **TERMINATION OF A MEMBER'S RIGHTS AND PRIVILEGES.** A Property Owner, or any former Property Owner, shall have no vested right, interest or privilege in or to the assets, functions, affairs or franchise of SIPOA, or any right, interest or privilege that may be transferable or inheritable, or that shall continue after his/her Property ownership ceases.

§4.3 **ANNUAL MEETING.** The Annual Meeting of Property Owners shall be held on the Saturday preceding the third Monday of February of each year, or on such other date as may be fixed by the Board, at such time and place as shall be determined by the Board, for the purpose of approving the annual budget, electing Directors and members of the Nominating Committee, and for the transaction of such other business as may properly come before the meeting. The President shall appoint a parliamentarian for such meeting.

§4.4 **SPECIAL MEETING.** Special meetings of Property Owners may be scheduled at any time by the Board and must be called by the Secretary, as soon as practicable, upon written request of Property Owners owning one hundred and twenty-five (125) or more Properties determined as of the date thirty (30) days prior to the date of such request, stating the purpose of the meeting. Such meeting shall be held not more than 120 days after the date of such request. No business may be transacted at such special meeting except that specified in the notice of special meeting.

§4.5 **NOTICE OF ANNUAL/SPECIAL MEETINGS OF PROPERTY OWNERS.** Notice of the date, time, place and purpose of the Annual Meeting and of any special meeting of Property Owners shall be sent to all Property Owners by the Secretary at least thirty (30) days prior to the date of such meeting.

§4.6 **PROPERTY OWNER QUORUM.** At any meeting of Property Owners or in any Referendum of Property Owners, a Quorum shall consist of thirty-five percent (35 %) of Property Owners in Good Standing who are entitled to a vote as provided in §4.7 (only one Property Owner shall be counted for Quorum purposes for each Property owned), present in person, and/or by proxy at a meeting, or participating by voting on a matter in a Referendum. Notwithstanding anything herein to the contrary a Property Owner who is not in Good Standing, shall be entitled to vote and be counted for quorum purposes if the amount owed by such Property Owner to SIPOA does not exceed \$200.00.

§4.7 **PROPERTY OWNER VOTING.** At any meeting of Property Owners or in any Referendum of Property Owners, Property Owners in Good Standing shall be entitled to one (1) vote for each Property owned. The owner of an undivided and undeveloped tract or parcel of Property that is subject to assessment pursuant to §3.2.3(1) shall be entitled to one (1) vote until such Property is further subdivided. Votes may be cast at a meeting in person or by proxy. Notwithstanding anything to the contrary herein, if more than one Property Owner attempts to cast a vote with respect to a single Property and those votes are alike, only one such vote will be accepted. If such multiple votes differ, no vote will be counted, except that such votes shall collectively count as one vote for purposes only of establishing the presence of a Quorum. SIPOA shall be entitled to rely upon the authority of a person voting on behalf of an Entity or Property owned by more than one natural person, without duty of inquiry or proof of authority.

4.7.1 **Record Date Determining Property Owners Entitled to Notice and Vote.**

(1) The Board may fix or provide the manner of fixing the Record Date for determining Property Owners entitled to notice of a meeting of Property Owners and to vote at such meeting, or to vote in a Referendum. If the Board does not fix or provide for fixing a Record Date, Property Owners in Good Standing as of the close of business on the business day that is ten (10) days prior to the day on which notice of meeting or Referendum ballot is sent shall be entitled to notice of the meeting and shall be entitled to vote at the meeting or, if applicable, to vote in the Referendum.

(2) A Record Date fixed under this section may not be more than seventy (70) days before the meeting or date by which ballots must be returned.

(3) A determination of Property Owners entitled to notice of or to vote at a meeting of Property Owners is effective for any adjournment of the meeting unless the Board fixes a new date for determining the right to notice or the right to vote, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the Record Date for determining Property Owners entitled to notice of the original meeting.

(4) If a court orders a meeting adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting, it may provide that the original Record Date for notice or voting continues in effect or it may fix a new Record Date for notice or voting.

4.7.2 **Proxy Requirements.** Property Owners may vote at meetings in Person or by proxy given to the designated Person or another Property Owner in Good Standing. Each proxy shall be executed in writing or electronically by a Property Owner or by a Property Owner's duly authorized attorney-in-fact, shall state the meeting for which such proxy is given and shall be filed with the Secretary either prior to or immediately upon the commencement of the meeting for which the proxy is applicable; provided, however, proxies shall not be permitted for any action that is subject to a Referendum. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date. It shall be sufficient for a proxy to be executed by: (i) only one Property Owner of a Property owned by more than one natural person; or (ii) a single natural person holding an equitable or beneficial interest in Property owned by an Entity.

The proxy provided under this section may be a limited proxy wherein the Person providing such proxy may direct the designated Person to vote in the manner specified as to those

matters listed on the agenda for such meeting and authorizes the designated Person to vote in his or her discretion as to such other matters of business as may properly come before the meeting.

4.7.3 Votes Required to Elect Board and Nominating Committee and Approve Annual Budget. Elections to the Board and Nominating Committee and approval of the annual budget shall require an affirmative vote of a Majority of Valid Votes cast at an Annual Meeting at which a Quorum is present. Should more candidates than available positions be nominated for election to the Board or Nominating Committee, those candidates receiving the most votes cast for the available positions shall be deemed elected irrespective of whether any candidate receives a Majority of Valid Votes. In the event of a tie in the number of votes casts that precludes the filling of the available Board or Nominating Committee positions, as the case may be, the Board shall make arrangements for a run-off election to be held under such procedures as the Board shall determine, no later than forty-five (45) days following the date on which the official election results are announced.

4.7.4 Votes Required to Approve Special Assessments. The approval of special assessments (except as provided in §3.2.3(2) of the Bylaws) shall require approval by two-thirds of the Valid Votes cast at an Annual Meeting, special meeting of Property Owners, or in a Referendum. The number of votes cast must be sufficient to constitute a Quorum.

§4.8 ADJOURNMENT OF MEETING OF PROPERTY OWNERS. A meeting of Property Owners, at which a Quorum is not present in Person and/or by proxy may be adjourned for not more than thirty (30) days. In such case, twenty (20) days written notice shall be given by mail or sent electronically to all Property Owners at his or her designated address, stating the date, time, place and subject matter for such adjourned meeting. In addition, such notice must be posted in SIPOA's office and website.

§4.9 REFERENDUM AND EXTENSION OF DEADLINE FOR RECEIPT OF BALLOTS BASED ON QUORUM REQUIREMENTS. Except as otherwise provided in these Bylaws, any action that may be taken at any Annual Meeting or special meeting of Members may be taken by Referendum without a meeting if SIPOA delivers (i) by posting in the United States mail or (ii) electronically, a ballot to Property Owners entitled to vote on the matter. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by ballot pursuant to this section is valid only when the number of votes cast by ballot equals or exceeds the Quorum required to be present at a meeting authorizing the action, and the number of affirmative votes equals or exceeds the number of votes that would be required to approve the matter at a meeting. All solicitations for votes by ballot shall: (i) indicate the number of responses needed to meet the Quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of Directors; and (iii) specify the time by which a ballot must be received by SIPOA in order to be counted. Once received by SIPOA, a ballot may not be revoked.

If an insufficient number of ballots are returned and Quorum requirements under this section are not met, an extension of not more than thirty (30) days shall be provided to Property Owners. In such case, twenty (20) days written notice shall be given by mail or electronically to all Property Owners at his or her designated address, setting forth the extended time period in which to submit their ballot. In addition, such notice must be posted on SIPOA's office and website.

§4.10 MEETING PROCEDURE. All meetings of Property Owners shall be conducted in accordance with these Bylaws and *Robert's Rules of Order*, as amended from time to time, except that in the event of a conflict, these Bylaws shall prevail.

ARTICLE V

BOARD OF DIRECTORS

§5.1 **NUMBER AND QUALIFICATIONS OF DIRECTORS.** The business and affairs of SIPOA shall be managed by a Board, which shall consist of twelve (12) Directors, each of whom must comply with the requirements of §5.5. In order to be nominated and elected to serve as a Director, a person must be a Property Owner in Good Standing or the spouse or Declared Domestic Partner of such Property Owner at the time of nomination and election and must have been a Property Owner in Good Standing at the time of nomination and election for at least one (1) year or the spouse or Declared Domestic Partner of such Property Owner. For purposes of this §5.1, if an Entity is a Property Owner, an individual shall be eligible to serve as a Director if such individual is an officer or director of a corporate Property Owner, a manager of a limited liability company Property Owner, the general partner of a partnership Property Owner or the owner of a legal or equitable interest in the Entity, or the spouse or Declared Domestic Partner of any such individual. Neither (i) a person and his or her spouse or Declared Domestic Partner, (ii) more than one person representing an Entity that is a Property Owner nor (iii) more than one natural person representing Property owned by more than one natural person, may serve simultaneously on (A) the Board, (B) the Nominating Committee or (C) the Board and Nominating Committee. The foregoing sentence shall not preclude a Director from serving as chair of the Nominating Committee. The Nominating Committee shall determine if a Person being nominated on behalf of an Entity that is a Property Owner meets the qualifications provided in this §5.1, and such determination shall not be appealable. If a Person fails to provide to the Nominating Committee such information as such Committee reasonably requests in order to make a determination of eligibility to serve, the Nominating Committee may disqualify such Person as a nominee. A Director who ceases to meet the qualifications to serve as set forth in this §5.1 shall resign as a Director, or the Board shall remove such Person as a Director.

§5.2 **COMPENSATION AND REIMBURSEMENT.** No Director of SIPOA shall be entitled to any salary or other compensation for services rendered. The Treasurer of SIPOA may, however, reimburse any Director or member of a standing or special committee for reasonable expenses incurred in connection with the performance of SIPOA's business.

§5.3 **ELECTION AND TERMS OF OFFICE.** The Directors on the Board shall be divided into three (3) groups (Group I, Group II and Group III) each of which shall consist of one-third (1/3) of the total number of Directors. At each Annual Meeting of SIPOA, one group (in sequential order from Group I, Group II and Group III) shall be elected from among Property Owners and their spouses or Declared Domestic Partners, or holders of an equitable or beneficial interest in Property owned by an Entity that is a Property Owner in Good Standing, to serve three (3) year terms of office and/or until their successors have been elected and certified by the Elections Committee. A vacancy on the Board shall be filled by a Majority vote of the remaining Directors pursuant to §3.2.6, even if the number of remaining Directors is fewer than those required for a Quorum. All elected Directors shall assume office upon the commencement of the term for which they are elected. If a Quorum of Property Owners is not present at an Annual Meeting, the Directors whose terms would have otherwise expired shall continue to serve until a meeting at which a Quorum is present and their successors have been duly elected and certified.

§5.4 **TERM LIMITS.** A Property Owner may not be nominated for or serve on the Board for more than two (2) consecutive three (3) year terms; provided, however, a Director shall be allowed to serve

two (2) full consecutive terms in addition to serving a term of one (1) year or less to fill an unexpired term of a Director. A Property Owner who has served two (2) consecutive terms will be eligible for election to a subsequent term provided that at least three (3) years intervene between expiration of the second of the two (2) consecutive terms and the commencement of the new term.

§5.5 **DIRECTORS' ATTENDANCE.** On an annual basis, each Director must attend at least two-thirds (2/3) of the regular and special meetings of the Board. Any Director who is absent from more than one-third (1/3) of all regular and special Board meetings shall be removed from office by the remaining Directors unless a Majority of the Directors then serving on the Board (excluding the Director in question) determine that the Director should not be removed due to exceptional extenuating circumstances (such as but not limited to an extended illness of the Director or an immediate Family Member of the Director).

§5.6 **BOARD QUORUM.** The presence at a Board meeting of a Majority of the Directors then holding office shall constitute a Quorum of the Board. Notwithstanding the foregoing, if the quorum requirements for enforcement procedures for any Code of Conduct that has been duly enacted and approved by the Board conflict with this provision, then the quorum provisions of such Code of Conduct shall control.

§5.7 **ACTIONS OF THE BOARD.** Except as provided in §5.13 or otherwise specified in these Bylaws, all actions of the Board shall be taken pursuant to an oral motion and/or written resolution at a meeting at which a Quorum is present, and shall require, for adoption, the favorable vote of a Majority of the Directors present. The Directors shall act only as a Board and individual Directors shall have no authority as such unless the Board has specifically delegated authority to such Director.

§5.8 **PRESUMPTION OF ASSENT.** A Director who is present at a meeting of the Board at which action on any matter is taken is considered to have assented to the action taken unless: (i) the Director objects at the beginning of the meeting to holding the meeting or transacting business at the meeting and states the reasons for such objection; (ii) the Director votes against the action and the vote is entered in the minutes of the meeting; or (iii) the Director abstains from voting on the action and such abstention is entered in the minutes of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of an action. The Secretary (or Person performing the role of secretary at a meeting, in the absence of the Secretary) shall be required to note in the minutes of the meeting the negative vote or abstention of any Director who requests that such vote be noted.

§5.9 **REGULAR MEETINGS OF THE BOARD.** The Board shall have at least eight (8) regular meetings during each fiscal year. The Board shall provide, by resolution, the time, place and method for the holding of its regular meetings. No notice to Directors or Property Owners of the time and place of such regular meetings shall be required other than the posting in SIPOA's on its website of the time and place established pursuant to such resolution; provided, however, such time and place may be changed upon two weeks' notice posted on its website. Notwithstanding the foregoing, the President may, upon polling the Board and determining that it is not necessary to have a scheduled regular meeting, cancel or change the method of such meeting; provided, however, promptly after the decision to cancel a regular meeting, notice of such change shall be posted its website. Minutes of Board meetings shall be published on the website after they have been approved by the Board of Directors.

The first regular meeting of Directors held following the Annual Meeting of Property Owners shall be an organizational meeting of Directors convened to elect officers of SIPOA and to appoint chairpersons of Committees of the Board.

All meetings of the Board, except Executive Sessions, shall be open to Property Owners; provided, however, the Board may establish rules governing and limiting the timing and duration of Property Owners' comments and questions at Board meetings and dispensing entirely with the opportunity for Property Owners' vocal participation at those portions of meetings of the Board at which no formal action shall be taken (sometimes referred to as work sessions). The Board shall have authority to adjourn and reconvene into or otherwise meet in Executive Session for purposes of discussing any of the matters set forth in §5.14.

5.9.1 Informal Work Sessions Of The Board. The Board is authorized to have informal meetings called "Informal Work Sessions." Informal Work Sessions are neither regular meetings of the Board nor special meetings of the Board, and shall be held separately from regular and special meetings. Informal Work Sessions shall be for the purpose of discussion by the Board of matters relevant to SIPOA, but the Board is not permitted to take action at Informal Work Sessions. Informal Work Sessions shall be closed to the public, unless the Board chooses to make them open to the public. Notice of the Informal Work Session shall be provided to Board members in the same manner as for special meetings. The records of SIPOA shall reflect when Informal Work Sessions occur, but since the Board is not permitted to take action during Informal Work Sessions, no minutes are required to be taken.

§5.10 SPECIAL MEETINGS. The President or any three (3) Directors may call a special meeting of the Board by filing with the Secretary a written request for such meeting, stating the purpose(s) and matter(s) to be considered. Only such business specified in the notice shall be conducted at such meeting except as may be authorized by §5.14. Special meetings, with the exception of Executive Sessions, shall be open to Property Owners. Advance notice of any special meeting of the Board must be given at least forty-eight (48) hours prior thereto by written notice that may be mailed, faxed, telegraphed, transmitted by electronic mail or delivered personally to each Director at his or her designated address; except that in an Emergency, the meeting may be called as is appropriate under the circumstances. In addition, such notice must be posted on the SIPOA website. If mailed by United States mail, such notice shall be deemed to be delivered forty-eight (48) hours after its deposit in the United States mail, addressed to the Director at his or her address as it appears on the books of SIPOA, with first class postage thereon. If two successive letters mailed to the last known address of any Director of record are returned as undeliverable, no further notice to such Director is necessary until another address for such Director is made known to SIPOA. If notice is given by email, such notice shall be deemed to be delivered at the time sent on the Internet, unless the email is returned as undeliverable.

§5.11 WAIVER OF NOTICE. Unless otherwise provided by law, whenever any notice is required to be given to any Director under the provisions of the Bylaws, a waiver thereof in writing, signed by the Director or Directors entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Further, attendance at a meeting for any purpose other than to protest the lack of notice shall be deemed to be waiver of notice by each Director so attending.

§5.12 PARTICIPATION IN TELEPHONE OR VIDEOCONFERENCE MEETINGS. Members of the Board may participate in any meeting of the Board by means of a conference call, telephone, video

conference or similar communications devices by which all Directors participating in the meeting can hear each other at the same time. Such participation constitutes presence at the meeting just as if the Director had been physically present.

§5.13 **ACTION WITHOUT MEETING.** Any action that may be taken by the Board at a meeting may be taken without a meeting if the action to be taken is pursuant to the unanimous written agreement of all Directors. The action must be evidenced by one or more written consents describing the action taken, signed by the requisite number of Directors, and included in the minutes filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last of the required number of Directors signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

§5.14 **EXECUTIVE SESSION.** The President or individual acting on behalf of the President may call for an Executive Session for the following reasons: (i) to consider the appointment, compensation, employment, dismissal, discipline or to investigate charges or complaints against an SIPOA employee, Director or officer (the motion and vote to hold an Executive Session need not include the name of any individual to be considered at that meeting); (ii) to discuss strategy with respect to pending or threatened litigation, if such discussion at an open meeting might have a detrimental effect on the SIPOA; (iii) to consider the purchase, exchange, lease or value of real property or other contract negotiations, if an open meeting of the Board might have a detrimental effect on the negotiating position of SIPOA; or (iv) to receive or discuss legal advice on any other matter covered by attorney-client privilege. A Majority of the Directors present must vote to convene the Board into Executive Session in an open meeting and the President must announce whether the Board will reconvene in open session following the Executive Session. If the meeting of the Board is reconvened for the purposes of taking action on a matter considered in Executive Session, such vote shall be recorded in the minutes of the reconvened meeting of the Board. If no action is taken, information on the matter discussed shall not be made available to Property Owners. Minutes shall not be made of Executive Sessions, and Directors shall have a duty of confidentiality as to matters properly considered in Executive Sessions. Directors shall not be entitled to record Executive Sessions.

§5.15 **EXECUTIVE COMMITTEE.** There shall be an Executive Committee of the Board, which shall consist of the officers (President, Vice President, Secretary and Treasurer) of SIPOA Board and the chairperson of the Legal Committee. The Executive Director shall act as an ex officio, non-voting member of the Executive Committee. The Executive Committee shall be empowered, consistent with written policies adopted by the Board, to act between meetings of the Board, or when a Quorum is not present at any meeting of the Board. The supervision of the Executive Director, including but not limited to performance reviews and compensation decisions, shall be conducted by the Executive Committee, and the Executive Committee may meet in Executive Session for such purpose. Moreover, the Board may delegate to the Executive Committee the authority to consider other matters set forth in §5.14(i) and the Executive Committee may meet in Executive Session for such purpose. The President or any two Executive Committee Directors may call for an Executive Committee meeting. A Quorum of the Executive Committee shall consist of three (3) or more members present in person or by telephone, video conference or similar communication's device. The Executive Committee shall not be empowered to hear appeals from decisions of the ARC or Safety and Security Committee.

§5.16 **DIRECTOR CONFLICTS OF INTEREST.** No Director of SIPOA, or any immediate family member (viz., for purposes of this section, a spouse or Declared Domestic Partner, dependent child

or dependent parent) of such Director, or any corporation, association, partnership, trust or other entity in which such Director or immediate family member of such Director, serves as a Director, officer, partner or trustee, or has a direct or indirect financial interest (other than as a shareholder of a *de minimis* (five percent (5%) or less) interest in a publicly or privately held company) shall be permitted to enter into any contract or transaction with SIPOA unless such Director fully discloses to the Board the material facts as to his or her or his or her immediate family member's relationship with, or interest in, the entity proposing to enter into the contract or transaction with SIPOA, and the Board, after making an affirmative determination that the contract or transaction is fair to SIPOA, authorizes the contract or transaction by the affirmative vote of a Majority of the disinterested Directors. If a Director of SIPOA, or any immediate family member of such Director, or any corporation, association, partnership, trust or other entity in which such Director or immediate family member of such Director serves as a Director, officer, partner or trustee, or has a financial interest, enters into any contract or transaction with SIPOA in violation of the requirements described above, the Board may, in its sole discretion void the contract or transaction in its entirety and recover from such Director any damages and expenses suffered or incurred by SIPOA as a result of the contract or transaction.

§5.17 REMOVAL OF DIRECTORS. The Board shall have the power and authority to adopt and enforce a Code of Conduct for the Board of Directors, and the power and authority to remove any Director from the Board as a result of a violation of such Code of Conduct, provided such Code of Conduct has been duly enacted and approved by the Board and is in existence at the time of such violation. Any such removal shall be in accordance with the provisions of such Code of Conduct. The reasons for Director removal contained in any such Code of Conduct are incorporated into these Bylaws by reference. Notwithstanding anything herein to the contrary, the level of Board approval necessary for any such removal shall be as set forth in such Code of Conduct, provided such level of Board approval is at least equal to the level of approval necessary for Director removal under S.C. Code Ann. Section 33-31-808(i), as amended. In the event the Code of Conduct validly existing at the time of the violation does not set forth the level of Board Approval required for Director removal, then the provisions of S.C. Code Ann. Section 33-31-808(i), as amended, shall control.

ARTICLE VI OFFICERS

§6.1 OFFICERS. The officers of SIPOA shall be a President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board from among the Directors at the first meeting of the Board immediately following the Annual Meeting of Property Owners. The same individual may simultaneously hold no more than two (2) offices on the Board. Each officer shall hold office for a term of one (1) year or until his or her successor is elected; provided, however, all officers shall serve at the will of the Board and may be removed prior to the expiration of such one (1) year term upon the affirmative vote of a Majority of the Directors then holding office. Any vacancy in an office shall be filled by the affirmative vote of a Majority of the Directors then holding office.

§6.2 PRESIDENT. The President shall be the chief executive officer of SIPOA and shall preside at the Annual Meeting and any special meetings of Property Owners, as well as at all meetings of the Board. The President has the same right and privilege to vote as any other member of the Board. The President shall propose the agenda at all Property Owners' and Board meetings. With the exception of the chairperson of the Finance Committee, the President shall appoint committee chairpersons and vice chairpersons for all other committees with approval of the Board. The President shall serve as an ex-officio member of all committees except the Nominating Committee. The President shall

perform all duties incident to the office of President, as well as those assigned to him or her by the Board.

The President shall endeavor to ensure that SIPOA fosters and maintains productive relationships with local municipalities, businesses and other organizations (such as The Town of Seabrook Island, the Seabrook Island Club, the Seabrook Island Utility Commission, Camp St. Christopher, Bohicket Marina Village, Freshfields Village, the Kiawah Island Community Association, Kiawah Development Partners, the County of Charleston, and other entities as appropriate) in order to coordinate efforts on matters of mutual interest.

§6.3 **VICE PRESIDENT.** The Vice President shall exercise such duties as may be assigned by the President or the Board. In the absence or disability of the President, the Vice President shall exercise the powers and perform the duties of the President and when so acting shall have all of the powers of and shall be subject to all of the restrictions of the President.

§6.4 **SECRETARY.** The Secretary shall be responsible for the custody of the membership records, the book of resolutions and the minutes of all meetings of Property Owners and the Board. The Secretary shall be responsible for the preparation of minutes of Property Owner and Board meetings and shall post in accordance with these Bylaws notices of the annual schedule of all Board meetings and any revisions to such schedule, shall arrange for the proper execution and custody of all contracts, title deeds, legal documents and other important papers. The Secretary shall perform all duties incident to the office of Secretary, as well as those requested by the President or the Board.

§6.5 **TREASURER.** The Treasurer shall serve as chairperson of the Finance Committee. The Treasurer in consultation with the Executive Director shall identify and manage all money due to SIPOA and shall oversee the custody of all funds and securities, either directly or as delegated by the Board. The Treasurer shall oversee payment of all lawful bills of SIPOA, subject to specific or general approval of the Board. The Treasurer shall arrange for the preparation of the annual budget, monitor performance against such budget, and recommend revision of the budget when necessary. The Treasurer shall submit financial reports to the Board at its regular meetings and at each Annual Meeting of Property Owners and shall, at the Annual Meeting, submit a report showing the financial condition of SIPOA for the preceding fiscal year. The Treasurer shall establish prudent internal financial control systems and shall oversee the operation of the accounting system. The Treasurer shall perform all duties incident to the office of Treasurer, as well as those requested by the President or the Board.

§6.6 **RESIGNATION OF OFFICERS.** An officer may resign at any time by delivering notice to the Board. Unless the notice specifies a separate date, a resignation is effective upon the Board's receipt of notice. If a resignation is made effective at a future date and the Board accepts the future effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

ARTICLE VII COMMITTEES

§7.1 **AUTHORITY OF COMMITTEES IN GENERAL.** Unless otherwise provided in these Bylaws or directed by the Board, committees will act in an advisory capacity to the Board. Committees that have been specifically delegated the authority to act on behalf of the Board (such as the ARC or the Safety and Security Committee) must have at least two Directors as members and shall appoint a secretary at each committee meeting to take minutes with respect to any actions taken by such committee. Committees shall make formal recommendations to the Board only upon the affirmative vote of the committee members present at a meeting at which a Quorum is present, unless otherwise specifically disclosed to the Board. Members of any committee designated by the Board may participate in any meeting of such committee by means of a conference call, telephone, video conference or similar communications devices by which all members of the committee participating in the meeting can hear each other at the same time. Such participation constitutes presence at the meeting just as if the committee member had been physically present.

§7.2 **APPOINTMENT OF COMMITTEE CHAIRPERSONS AND VICE CHAIRPERSONS.** As soon as practicable after the Annual Meeting of Property Owners, the President shall appoint Directors to serve as chairpersons and, where deemed necessary, vice chairpersons of the standing committees, subject to the approval of a Majority of the Directors present at the first regular meeting at which a Quorum is present. The Treasurer, as a function of such office, shall serve as chairperson of the Finance Committee.

§7.3 **APPOINTMENT OF STANDING COMMITTEE MEMBERS.** Committee chairpersons shall select and appoint the members of their committees from among Property Owners in Good Standing or their spouses or Declared Domestic Partners, or holders of an equitable or beneficial interest in Property owned by an Entity that is a Property Owner in Good Standing, and shall promptly notify the Secretary of the appointments. Committee members serve at the pleasure of the chairperson; provided, however, any committee member may at any time be removed by the Board at its sole discretion.

§7.4 STANDING COMMITTEES.

7.4.1. **Finance Committee.** The Treasurer shall serve as chairperson of the Finance Committee. This Committee shall:

(i) Establish procedures for and implement the preparation of a budget for the ensuing fiscal year and shall recommend an operating budget and capital expenditure and capital reserve budget to the Board based upon estimates from the various committees and/or operating components reporting to the Board or the Executive Director.

(ii) Establish procedures for measuring the actual income, expenditures, and cash flow of SIPOA against the budget, and shall report complete financial operations to the Board on a regular basis.

(iii) Establish and update internal controls to safeguard assets of SIPOA, and shall seek to formulate and implement proposals to impose fiscal responsibility with respect to the operations of SIPOA.

(iv) Periodically review and approve the composition of the SIPOA investment portfolio.

(v) Oversee Reserve Studies in consultation with other appropriate committees periodically to evaluate future financial needs.

7.4.2 **Safety and Security Committee.** The Safety and Security Committee shall develop and recommend to the Board rules and regulations for control of access to the SID, and for the security, protection, safety and welfare of Property Owners and all Persons within the SID. The Committee shall develop programs, policies and rules and regulations covering security, traffic control, and enforcement of applicable recorded Protective Covenants, as well as these Bylaws and duly adopted and published rules and regulations. The Safety and Security Committee shall also hear requests for reconsideration in matters within its jurisdiction.

7.4.3 **General Operating and Maintenance Committee.** This Committee shall develop, recommend, and arrange for the implementation of policies and programs for the maintenance of common property owned by SIPOA, including, but not limited to, buildings, roads, bridges, parking spaces, storm drainage systems, signs and street lighting. The Committee shall make recommendations to the Board regarding acceptance of roads, bridges, drainage easements and other structures that have been constructed within the SID. The Committee shall be responsible for long-range planning of major maintenance relating to roads and drainage and other common properties. The Committee shall oversee the development of specifications, requests for proposals and the review of bids for projects within its jurisdiction.

7.4.4 **Legal Committee.** This Committee shall serve as SIPOA's liaison with its legal counsel, and shall coordinate with Directors, officers and other committees upon questions of law, rules and regulations and these Bylaws that may be referred to it by the Directors, officers and other committees. This Committee shall monitor all pending or threatened litigation in which SIPOA is involved or in which it has an interest and keep the Board apprised of any legal developments of significance or as otherwise requested by the Board. This Committee may develop and recommend to the Board policies for the review of contracts and for the internal audit of all aspects of SIPOA operations.

This Committee shall monitor such federal, state, county and town matters, proceedings or legislation that it deems appropriate that may affect the interests of SIPOA or Property Owners.

7.4.5 **Long Range Planning and Development Committee.** This Committee shall be responsible for developing and recommending to the Board long range goals and strategic plans through study and analysis of current and anticipated future growth and needs.

7.4.6 **Architectural Review Committee.** The Architectural Review Committee ("ARC") serves as the duly appointed representative of the Board and, as such, it shall be responsible for the review of all plans for construction, landscaping and external improvements to Property, and any

changes to same, and shall have the functions, responsibilities and authorities as provided in the Protective Covenants and as otherwise determined by the Board. The ARC shall also have responsibility for developing and administering, subject to Board approval, the policies and procedures set forth in the publication, Seabrook Island Property Owners Association *Policies & Procedures for Residential Development*, and to impose monetary or other sanctions for violations thereof. The ARC shall also hear appeals in matters within its jurisdiction.

7.4.7 **Environmental Committee.** This Committee shall advise the Board on matters relating to wildlife, plants and trees, marshes, lakes and other matters relating to the environment. It shall develop and recommend to the Board policies for environmentally sensitive areas. It shall monitor other activities and legislation that fall under to the jurisdiction of the United States Environmental Protection Agency, and its Bureau of Ocean and Coastal Resource Management, the South Carolina Department of Health and Environmental Control or other such governmental agencies as may have jurisdiction over the environment of Seabrook Island.

§7.5 **SPECIAL COMMITTEES.** The President shall have the power to appoint, with the approval of the Board, such special committees as the President deems necessary or advisable from time to time. Such committees may consist of such Directors and non-Director members as the President deems appropriate; provided, however, any special committee with fewer than two (2) Directors as members may not be delegated authority by the Board to act on behalf of the Board, but may act only in an advisory capacity.

§7.6 **NOMINATING COMMITTEE.** The Nominating Committee shall consist of five (5) natural persons who would be eligible to serve as a Director as specified in §5.1 (considering applicable qualifications and limitations), four (4) of whom shall be elected at the Annual Meeting of Property Owners as provided herein. The fifth member of the Committee, who shall serve as the chairperson, shall be appointed by the President from among the non-officer Directors. A quorum of the Nominating Committee shall consist of at least 80% of the elected and appointed members of the committee then holding office. The chairperson shall be entitled to vote to break or make ties in matters voted upon by the elected members of the Nominating Committee.

At the Annual Meeting of Property Owners held immediately following the adoption of these amendments, the Property Owners will elect two (2) Nominating Committee members to serve for one (1) year terms and two (2) Nominating Committee members to serve for two (2) year terms. Each year thereafter, two (2) members of the Nominating Committee shall be elected at the Annual Meeting of Property Owners for terms of two (2) years. Nominating Committee members shall serve until their successors have been elected. A Property Owner (or Property Owner's spouse or Declared Domestic Partner, or holders of an equitable or beneficial interest in Property owned by an Entity that is a Property Owner in Good Standing) may not be nominated for or serve on the Nominating Committee for more than one (1) consecutive term, in addition to filling the unexpired term of a Nominating Committee member who has resigned or otherwise become ineligible to serve. A Property Owner (or Property Owner's spouse or Declared Domestic Partner, or holders of an equitable or beneficial interest in Property owned by an Entity that is a Property Owner in Good Standing) who has served on the Nominating Committee will be eligible for election to the Nominating Committee provided at least three (3) years intervene between the expiration of his or her prior term and the commencement of a new term.

The names of the Nominating Committee members shall be posted in SIPOA's office and on its website within a reasonable time after their election. The name of the Nominating Committee chairperson shall be posted in SIPOA's office and on its website promptly after his or her appointment. The Board must inform the Nominating Committee of the number of Directors to be elected and the group year of such number. The group year is the year in which the term of the Director expires.

The principal responsibilities of the Nominating Committee are to actively and affirmatively recruit and select qualified candidates for the Board and Nominating Committee. The Nominating Committee shall welcome and consider all applicants for the Board and Nominating Committee who are interested in sharing their skills, views and energies by participating in SIPOA's governance. The Nominating Committee may enlist the Board's assistance in identifying and recruiting prospective Board and Nominating Committee candidates, including from among the membership of the committees chaired by Board members. The Nominating Committee shall prepare guidelines for the selection of candidates for the Board's approval which shall include the following: (i) candidates shall satisfy the qualifications as set forth in the first paragraph of this §7.6, (ii) candidates should have demonstrated leadership and the ability to work with others, (iii) candidates should have the willingness and ability to commit the required time in the discharge of Board and committee duties; (iv) candidates should have an understanding that all Board members are required to serve in the best interest of all Property Owners; and, preferably, for Board and Committee work, candidates should be familiar with and able to use electronic document creation and management tools. The Nominating Committee guidelines shall be published on the SIPOA website and as otherwise deemed appropriate by the Nominating Committee. To determine whether potential candidates meet the required and desired criteria, the Nominating Committee should, among other things, review the candidates' experiences at Seabrook Island, such as prior experience on committees, community involvement and volunteer service, as well as prior professional experience. The Nominating Committee should also consider specific needs of the Board (e.g., finance, legal, engineering or information technology).

The Nominating Committee shall make as many nominations for election to the Board and the Nominating Committee as it shall, in its discretion determine, but not less than the number of positions that are to be filled.

Property Owners may submit the names of candidates for the Board and for the elected positions on the Nominating Committee, which names must be received by the Nominating Committee no later than October 1 of each year. At least one hundred and twenty (120) days prior to the Annual Meeting of Property Owners, each nominee shall complete and submit to the Nominating Committee a fully-completed nominee form proposed by the Nominating Committee and approved by the Board, which nominee form shall include such biographical and other information as the Nominating Committee and Board determine appropriate. The names of the nominees for the Board and Nominating Committee positions for the ensuing year shall be delivered by the Committee to the Secretary, who shall post the list on SIPOA's website at least sixty (60) days before the Annual Meeting of Property Owners. Thereafter, additional nominations for the Board and the Nominating Committee may be made by written petition signed by fifty (50) or more Property Owners in Good Standing. The signatures on such petitions of (i) more than one Property Owner of a Property owned by more than one natural person or (ii) more than one individual with an ownership interest in an Entity that owns a Property, shall be considered as a single signature. It shall be sufficient for all such petitions to be signed by: (i) only one Property Owner of a Property owned by more than one natural person; or (ii) a single natural person holding an equitable or beneficial interest in Property owned by

an Entity. Such nominations must be delivered in writing to the Secretary within thirty (30) days after the Secretary has posted the names of the nominees as set forth above. The names of the nominees and the names of any additional persons nominated by petition, together with completed nominee form and a form of proxy, shall be mailed or transmitted electronically by the Secretary to Property Owners at least thirty (30) days prior to the Annual Meeting. No person shall be nominated for election to the Board or Nominating Committee except in accordance with this section.

The Nominating Committee will assist Board and Nominating Committee candidates to develop biographical and position statements about Seabrook Island topics and plans in conformance with a standardized format and size adopted by the Nominating Committee.

§7.7 **ELECTIONS COMMITTEE.** Prior to the Annual Meeting of Property Owners, an Elections Committee of no fewer than three (3) members consisting of Property Owners in Good Standing or spouses or Declared Domestic Partners of such Property Owners, or holders of an equitable or beneficial interest in Property owned by an Entity that is a Property Owner in Good Standing, who are not on the Board or Nominating Committee shall be appointed by the President subject to the approval of the Board to verify and certify the validity of ballots cast and tabulations of votes cast for elections or on any other matter voted on at such meeting or ballots in any Referendum. The Elections Committee shall report its findings to the Secretary as soon as practical following a Referendum or the Annual Meeting or special meeting at which a vote is taken. The Elections Committee shall also be charged with the authority and responsibility to approve the Annual Meeting minutes. The term of the Elections Committee shall expire upon appointment of its successor.

ARTICLE VIII HEARINGS AND APPEALS

§8.1 **CHALLENGING SANCTIONS OR ASSESSMENTS.** This section identifies the process for challenging imposition of sanctions for violation(s) of the Protective Covenants, these Bylaws and any and all rules and regulations adopted and published by the Board.

8.1.1 **Notice.** Prior to imposition of any sanction or assessment hereunder, the Board or its designee shall send the alleged violator written notice describing (i) the nature of the violation with respect to which the proposed sanction or assessment is to be levied; (ii) the proposed sanction or assessment to be imposed; (iii) a period of not less than fifteen (15) days following the date of such notification within which the alleged violator may file a written request to the Safety and Security Committee, as to matters within such Committee's jurisdiction, or to the ARC as to matters within its jurisdiction, or in all other matters, to the Board for a hearing; and (iv) a statement that the proposed sanction or assessment shall be imposed, as contained in the notice unless a challenge is begun within the time period prescribed in the notice. If a timely challenge is not made, the sanction or assessment stated in the notice shall be imposed. The Board may extend the time period within which an appeal must be filed for good cause shown.

8.1.2 **Hearing.** If a hearing is requested in a timely manner, the hearing shall afford the Property Owner or tenant, Guest, invitee or other Person a reasonable opportunity to be heard. Proof of proper notice of such hearing shall be placed in the minutes of the meeting, which notice shall be hand delivered or deposited in the mail, postage prepaid, at least thirty (30) days in advance of such hearing. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered into the records of SIPOA by the officer, Director or agent

who delivered or mailed such notice. The notice requirement shall be deemed satisfied if the alleged Property Owner or tenant, Guest, invitee or other person appears at the hearing.

The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction or assessment, if any, imposed. The Board or the Safety and Security Committee or the ARC may, but shall not be obligated to, suspend any proposed sanction or assessment if the violation is cured within the period reserved for requesting a hearing or to impose a lesser sanction or assessment than proposed in the notice of hearing. Any suspension shall not constitute a waiver of the right to sanction or assess future violations of the same or other provisions and rules by the aggrieved party or any other Person.

§8.2 APPEAL TO THE BOARD. Following a hearing before the Safety and Security Committee, the ARC or any other committee established under these Bylaws, the aggrieved party shall have the right to appeal the matter to the Board. To perfect this right, such Person must file a written notice of appeal with the Executive Director within thirty (30) days from the date the aggrieved party has received written notice of such committee's decision. Willful failure or refusal of an aggrieved party to accept delivery of a communication from SIPOA (or any SIPOA committee) under this Article shall constitute receipt.

The Executive Director shall provide written notice of the hearing on appeal and the date thereof to each Board member and all interested parties and shall post such notice on SIPOA's website, not less than twenty (20) days prior to the date of such hearing.

Prior to the date of such hearing, the Executive Director shall transmit to the Board all documents and evidence constituting the record upon which the action appealed from was taken. At such hearing any party may appear in person or be represented by an agent or attorney. Minutes shall be taken of the hearing on appeal and a written statement of the Board's determination shall be provided to the alleged violator and posted on the website. The Board shall render its decision on the appeal within thirty (30) days from the date of the hearing. Directors who serve on the Safety and Security Committee or the ARC must abstain from voting on an appeal of a decision of that committee to the Board.

§8.3 ADDITIONAL ENFORCEMENT RIGHT. Notwithstanding anything to the contrary herein contained, SIPOA, acting through the Board, may elect to enforce any provision of the Protective Covenants, these Bylaws, or the duly adopted and published rules and regulations of SIPOA by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the hearing procedure set forth above. In any such action, to the maximum extent permissible, the Property Owner, tenant, Guest, invitee or other person responsible for the violation for which relief is sought shall pay all costs, including reasonable attorney's fees actually incurred.

§8.4 NON-APPLICABILITY TO CODE OF CONDUCT. The provisions of this Article VIII shall not apply to the enforcement procedures for any Code of Conduct that has been duly enacted and approved by the Board.

ARTICLE IX FINANCIAL PROVISIONS

§9.1 **FISCAL YEAR.** The fiscal year of SIPOA shall begin on January 1 and end on December 31 unless otherwise established by the affirmative vote of a Majority of the Directors then holding office. SIPOA's maintenance, service and usage fees shall be collected on the basis of the fiscal year adopted by the Board.

§9.2 **CONTRACTS.** In addition to the authorization contained herein, and subject to the limitations stated in these Bylaws, the Board shall periodically review and approve delegations of authority whereby the authority of officers/agents and employees of SIPOA to enter into contract and expend funds is specified.

§9.3 **FIDELITY BONDS AND INSURANCE.** All officers and employees of SIPOA who handle funds of SIPOA shall be covered by fidelity bonds in amounts to be determined by the Board. The Board shall authorize the Executive Director to purchase such Directors and Officers insurance in the amounts and limits as shall be established by the Board.

§9.4 **AUDIT.** SIPOA's financial statements (balance sheets, statement of revenue and expenses and statement of cash flows) shall be audited annually by certified public accountants engaged by the Board.

§9.5 **CHECKS.** The Board shall establish fiscally responsible provisions for approval of amounts payable by SIPOA and for signing of checks by officers and selected employees of SIPOA.

§9.6 **FUNDS.** Funds of SIPOA shall be invested consistent with the provisions of §3.2.3(7), as may be recommended by the Treasurer and approved by the Board. Securities and other valuable documents belonging to SIPOA shall be held in a safety deposit box or equivalent alternate custody as may be approved by the Board.

ARTICLE X RECORDS

§10.1 **PERMANENT RECORDS.** SIPOA shall keep as permanent records minutes of all meetings of Property Owners and the Board (other than a meeting held in Executive Session pursuant to §5.14), a record of all actions taken by Property Owners or the Board without a meeting, and the minutes of all actions taken by committees of the Board exercising the authority of the Board (and not merely acting in an advisory capacity).

§10.2 **ACCOUNTING RECORDS.** SIPOA shall cause appropriate accounting records to be maintained.

§10.3 **LIST OF PROPERTY OWNERS.** SIPOA shall maintain a record of Property Owners in a form that permits preparation of a list of the name and address of all Property Owners, , and showing the number of votes each Property Owner is entitled to cast (assuming such Property Owner is in Good Standing).

§10.4 **FORM OF RECORDS.** SIPOA shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

§10.5 **RECORDS AT PRINCIPAL OFFICE.** In addition to the records specified in § 10.1, SIPOA shall keep a copy of the following records at its principal office: (i) all records as required by South Carolina Code Section 33-31-1601 as amended from time to time (ii) its Protective Covenants and all amendments to or restatements of them currently in effect; (iii) copies of the annual budgets for the past five years; and (iv) its most recent report or filing to the U.S. Internal Revenue Service and appropriate South Carolina governmental authorities.

§10.6 **INSPECTION OF RECORDS.** As permitted pursuant to South Carolina Code Section 33-31-1602 as amended from time to time and at its sole cost and expense, a Property Owner shall be entitled to inspect and copy, at reasonable times during normal business hours and location specified by SIPOA, any of the records of SIPOA described in §§ 10.1, 10.2, 10.3 and 10.5 if a Property Owner gives SIPOA at least five (5) days written notice or a written request before the date on which the Property Owner wishes to inspect and copy such records. Property Owners may also submit records requests via a Records Request Form available on SIPOA's website.

§10.7 **SCOPE OF INSPECTION RIGHTS.** A Property Owner's agent or attorney has the same inspection and copying rights as the Property Owner the agent or attorney represents. The right to copy records under §10.6 includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means. SIPOA may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to Property Owner. The charge may not exceed the estimated cost of production or reproduction of the records.

§10.8 **LIMITATIONS ON USE OF MEMBERSHIP LIST.** A membership list obtained pursuant to §10.6 may be used by a Property Owner only related to his or her interest as a Property Owner. Without the consent of the Board, a list of Property Owners or any part of such list may not be (i) used to solicit money or Property unless the money or Property will be used solely to solicit the votes of Property Owners in an election to be held by SIPOA; (ii) used for any commercial purpose; or (iii) sold to any Person.

§10.9 **FINANCIAL STATEMENTS.** SIPOA shall, upon written request from a Property Owner, furnish a copy of its latest annual financial statements, including a balance sheet as of the end of the fiscal year and statement of income for such year. If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them.

§10.10 **REPORT OF INDEMNIFICATION TO MEMBERS.** If SIPOA indemnifies or advances expenses to any Person under Article XII, SIPOA shall report the indemnification or advance in writing to Property Owners with or before the notice of the next meeting of Property Owners.

ARTICLE XI GENERAL GOVERNANCE

§11.1 **BYLAWS OR PROTECTIVE COVENANTS AMENDMENTS.** Amendments to these Bylaws or to the Protective Covenants may only be proposed by resolution of the Board, or by a petition signed by at least one hundred and twenty-five Property Owners in Good Standing, setting forth the language of the proposed amendment(s) and filed with the Secretary. For purposes of this §11.1, the signatures on a petition of (i) more than one Property Owner of a Property owned by more than one natural person or (ii) more than one individual with an ownership interest in an Entity which owns a Property, shall be considered as a single signature. It shall be sufficient for all such petitions to be signed by: (i) only one Property Owner of a Property owned by more than one natural person; or (ii) a single

natural person holding an equitable or beneficial interest in Property owned by an Entity. If the amendment is to be considered at an Annual Meeting, such petition must be filed at least sixty (60) days before the Annual Meeting, and the notice of the Annual Meeting to Property Owners shall set forth the provisions to be modified, the proposed amendment(s) and statements in support of, or opposition to, the proposed amendments as may be submitted by the opponents and proponents of the amendment; provided, however, the Board may impose limitations on the number of pages the opponents and proponents may submit.

The Board, on its own initiative, may submit any proposed Bylaws amendment to Property Owners for a vote by Referendum, in which event the Property Owners will be provided with a ballot containing the same information as required for an Annual Meeting and such other information as may be required under §4.9. The number of votes required for approval of amendments to the Bylaws or to the Protective Covenants shall be in accordance with paragraph 36 of the Protective Covenants.

§11.2 **DOCUMENT CONFLICTS.** If there is any conflict between provisions of the Protective Covenants, the Articles and these Bylaws, the terms of the Articles shall prevail over these Bylaws, and the terms of the Protective Covenants shall prevail over the Articles and these Bylaws.

§11.3 **NOTICES.** Except as otherwise provided in these Bylaws, whenever a notice is required to be given to any Property Owner or Director, it shall be given in writing and sent by regular mail (postage prepaid) or email and addressed to such Property Owner or Director at his or her address as it appears in the records of SIPOA at the time when such notice is given. Changes of address submitted by Property Owners shall be promptly recorded in the records of SIPOA.

ARTICLE XII INDEMNIFICATION

§12.1 **INDEMNIFICATION.** Any Person (including the estate or personal representatives of such Person) who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he or she is or was a Director, officer or employee of SIPOA or is or was serving as a committee member of SIPOA, shall be indemnified by SIPOA to the fullest extent permitted by law, if the individual acted in good faith; and reasonably believed: (i) in the case of conduct in his or her official capacity with SIPOA, that his or her conduct was in its best interests; and (ii) in all other cases, that his or her conduct was at least not opposed to its best interests; and (iii) that in the case of a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent is not, of itself, determinative that the Director, employee or committee member or officer did not meet the standard of conduct described in this Article XII. This indemnification shall not be applicable to a Director or officer in connection with a proceeding by or in the right of SIPOA: (i) in which the Director or officer was adjudged liable to SIPOA; or (ii) in connection with any other proceeding charging improper personal benefit to the Director or officer, whether or not involving action in his or her official capacity, in which the Director or officer was adjudged liable on the basis that personal benefit was improperly received by the Director or officer. Indemnification permitted under this section in connection with a proceeding by or in the right of SIPOA is limited to reasonable expenses incurred in connection with the proceeding.

ARTICLE XIII
EMERGENCY BYLAWS AND POWERS

§13.1 **EMERGENCY BYLAWS AND POWERS.** The Emergency Bylaws (attached hereto and incorporated herein by reference as Exhibit A), provide special procedures necessary for managing SIPOA during an Emergency, including: (i) how to call a meeting of the Board; (ii) Quorum requirement for the meeting; and (iii) designation of additional or substitute Directors. All provisions of the regular Bylaws consistent with the Emergency Bylaws remain effective during the Emergency. The Emergency Bylaws are not effective after the Emergency ends. An Emergency exists for purposes of this §13.1 if a Quorum of SIPOA's Directors cannot readily be assembled because of some catastrophic event.

§13.2 **EMERGENCY POWERS.** In anticipation of, or during an Emergency, the Board may: (i) modify lines of succession to accommodate the incapacity of any Director, employee, or agent; and (ii) relocate the principal office, designate alternative principal offices or regional offices, or authorize the officer to do so. During an Emergency, unless Emergency Bylaws provide otherwise: (i) notice of a meeting of the Board need be given only to those Directors it is practicable to reach and may be given in any practicable manner, including by publication and radio; and (ii) one (1) or more senior staff employees of SIPOA present at a meeting of the Board may be deemed to be Directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a Quorum. SIPOA action taken in good faith during an Emergency under this section to further the ordinary affairs of SIPOA: (i) binds SIPOA; and (ii) may not be used to impose liability on a SIPOA Director, employee, or agent. A SIPOA Director, employee, or agent is not liable for deviation from normal procedures if the conduct was authorized by Emergency powers provided in this Article.

[Signature Page to Follow]

In witness whereof, the undersigned have executed these Twelfth Restated and Amended Bylaws of Seabrook Island Property Owners Association, effective as of the Adoption Date.

Witnesses:

Seabrook Island Property Owners Association

Witness #1 as to President

By: _____
Name: _____
Title: President

Witness #2 as to President

Witness #1 as to _____

By: _____
Name: _____
Title: _____

Witness #2 as to _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me by Seabrook Island Property Owners Association, by _____ its President, this ____ day of _____, 2021.

SWORN TO AND SUBSCRIBED BEFORE ME
this ____ day of _____, 2021.

(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me by Seabrook Island Property Owners Association, by _____ its _____, this ____ day of _____, 2021.

SWORN TO AND SUBSCRIBED BEFORE ME
this ____ day of _____, 2021.

(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

EXHIBIT A
EMERGENCY BYLAWS

The following provisions of this Article shall be effective during an Emergency:

- (a) Notice of Board Meetings. Any one (1) member of the Board or any one of the following officers: President, Vice-President, Secretary, or Treasurer, may call a meeting of the Board. Notice of such meeting need be given only to those Directors whom it is practicable to reach, and may be given in any practical manner, including by publication and radio. Such notice shall be given at least six (6) hours prior to commencement of the meeting.
- (b) Temporary Directors and Quorum. If necessary to achieve a Quorum of the Board, the Executive Directors and one or more department heads (the latter based on seniority) of SIPOA present at the Emergency Board meeting, as is necessary to achieve a Quorum, shall be considered to be Directors for the meeting. In the event that less than a Quorum (as determined by §5.6) of the Directors are present (including any such Executive Director and department heads who are to serve as Directors for the meeting), those Directors present (including such Executive Director and department heads serving as Directors) shall constitute a Quorum.
- (c) Action Permitted to be Taken. The Board, as constituted in paragraph (b), and after notice as set forth in paragraph (a), may:
 - (1) Prescribe Emergency powers to any officer of SIPOA;
 - (2) Delegate to any senior staff member or Director, any of the powers of the Board;
 - (3) Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;
 - (4) Relocate the principal place of business, or designate successive or simultaneous principal place of business;
 - (5) Take any other action, convenient, helpful, or necessary to carry on the business of the SIPOA.